

1 (In open court.)

2 This is Case Number 3:18-CR-500, United
3 States v. Christopher Aundre Faulkner, and we are
4 here for the sentencing of the case today.

5 Who is here for the Government?

6 MR. BUSCH: Your Honor, Marcus Busch and
7 Katherine Miller for the Government.

8 THE COURT: You can take your masks off if
9 you like.

10 MR. WILEY: And Aaron Wiley with
11 Mr. Christopher Faulkner, ma'am.

12 THE COURT: And Mr. Faulkner can take his
13 mask off, Mr. Wiley, if it's okay with you.

14 MR. WILEY: It's fine, Your Honor.

15 THE COURT: Would you, Mr. Faulkner, come
16 on up here.

17 Good morning, Mr. Faulkner. How are you?

18 THE DEFENDANT: Fine, Your Honor. How are
19 you?

20 THE COURT: I have a bunch of questions I
21 will like to ask you today, and I will ask you to
22 raise your right hand.

23 (Defendant sworn.)

24 THE DEFENDANT: Yes, Your Honor.

25 THE COURT: Let's first go through the

1 paperwork I have in this case.

2 The first think I have is the most recent
3 presentence report filed February 26 of 2021.

4 Have you read through that carefully,
5 carefully, I mean paragraph by paragraph, word by
6 word with Mr. Wiley?

7 THE DEFENDANT: Yes.

8 THE COURT: Any questions about it?

9 THE DEFENDANT: No, Your Honor.

10 I have the Government's statement in 138,
11 where they adopt the plea agreement. Docket 138,
12 that's all.

13 And then I have an addendum to the
14 presentence report as 141-1.

15 Have you read carefully through this
16 addendum with Mr. Wiley -- no, let me finish --
17 before today?

18 THE DEFENDANT: Yes, Your Honor.

19 THE COURT: Paragraph by paragraph, word
20 by word.

21 THE DEFENDANT: Yes, Your Honor.

22 THE COURT: You understand the addendum.

23 THE DEFENDANT: Yes, ma'am, I do.

24 THE COURT: Mr. Wiley, do you agree with
25 both of those statements, that he's read the

1 presentence report and the addendum?

2 MR. WILEY: I do, Your Honor.

3 THE COURT: Okay. And then I have a
4 second addendum, 148-1. If you will pull that,
5 please.

6 MR. WILEY: Yes, ma'am.

7 THE COURT: And I hope there's some --
8 we're going to talk about that in a minute, but go
9 ahead.

10 Have you read through the addendum?

11 THE DEFENDANT: Yes, ma'am.

12 THE COURT: Okay. With Mr. Wiley?

13 THE DEFENDANT: Yes, ma'am.

14 THE COURT: Any questions about it?

15 THE DEFENDANT: No, ma'am.

16 THE COURT: Okay. Then I have the
17 defendant's response to the presentence report.
18 It's Document 149. All right. Take a look at that.

19 Have you reviewed it carefully with
20 Mr. Wiley before today?

21 THE DEFENDANT: Yes, Your Honor.

22 THE COURT: Any questions about that?

23 THE DEFENDANT: No, ma'am.

24 THE COURT: Okay. Then I have the
25 statement in 145 by the Government, where they say

1 that you have agreed to release certain seized
2 property listed in the forfeiture notice; is that
3 correct?

4 THE DEFENDANT: Yes, Your Honor.

5 THE COURT: We will go over that a little
6 bit later.

7 Okay. I have several letters for you, and
8 I have read them.

9 Wait a minute. Just a minute.

10 I have a sentencing memorandum, Document
11 150, filed by Mr. Wiley on your behalf.

12 Have you read through that with Mr. Wiley?

13 THE DEFENDANT: Yes, Your Honor.

14 THE COURT: Mr. Wiley, do you agree he's
15 read through all these documents with you carefully?

16 MR. WILEY: I do, Your Honor.

17 THE COURT: Do you have any questions
18 about it?

19 THE DEFENDANT: No, ma'am.

20 THE COURT: Do you, Mr. Wiley?

21 MR. WILEY: No, ma'am. My client is very
22 intelligent, and he makes me run through everything.
23 Yes, ma'am.

24 THE COURT: Okay. I have several letters
25 from victims, and I have read through them, and I

1 would be glad to hear from some of them today.

2 And I also have several letters for you --
3 let me see. Do I have several letters for you?
4 Yeah. Yeah. Yeah.

5 And finally, and I -- I don't fault the
6 Government for this. They filed a response to your
7 report and addendum, objections to the report and
8 addendum. That's Document 152. Have you read
9 through that?

10 MR. WILEY: Your Honor, he has not had an
11 opportunity to read entirely through that because
12 over the weekend it was closed.

13 THE COURT: Go ahead and sit over there
14 and look it over with him.

15 MR. WILEY: Thank you, Your Honor.

16 (Pause.)

17 THE COURT: Who is going to be the lead on
18 this for the Government?

19 MR. BUSCH: Your Honor, depends on the
20 nature of the inquiry.

21 THE COURT: I was going to ask if you have
22 any victims here today.

23 MR. BUSCH: We have just one.

24 THE COURT: Who are the people?

25 MR. BUSCH: I think they are here in

1 support -- the agents on this side from the U.S.
2 Attorney's Office. There are a number of civilians
3 here, and one is going to speak, Ms. Dyer.

4 THE COURT: Okay. Thank you.

5 MR. WILEY: May we approach, Your Honor?

6 THE COURT: Yes. Okay. Have you read
7 through the Government's response to your objections
8 to the presentence report and the addendum?

9 THE DEFENDANT: Yes, I have, Your Honor.

10 THE COURT: Document 152?

11 THE DEFENDANT: Correct.

12 THE COURT: And any questions about it?

13 THE DEFENDANT: No, ma'am.

14 THE COURT: Any questions about it,
15 Mr. Wiley?

16 MR. WILEY: No, ma'am.

17 THE COURT: Is there anything else other
18 than what I have mentioned that should be in the
19 record?

20 MR. WILEY: I know that you mentioned the
21 letters. I wasn't aware of the letters from
22 victims, and that's fine, I don't need to see those.
23 But everything else I'm aware of, and I believe that
24 is complete, Your Honor.

25 THE COURT: Mr. Busch, anything else?

1 MR. BUSCH: No, Your Honor.

2 THE COURT: Ms. Miller?

3 MS. MILLER: No, Your Honor.

4 THE COURT: Nothing else.

5 MS. MILLER: That's correct, Your Honor.

6 THE COURT: Okay. Then you can go sit
7 down for a minute, and we're going to talk about the
8 objections.

9 Go ahead, Mr. Wiley.

10 MR. WILEY: Yes, Your Honor.

11 I thought that the Government did agree to
12 some of the objections.

13 THE COURT: Well, the abuse of trust,
14 right.

15 MR. WILEY: Yes, and the acceptance of
16 responsibility.

17 THE COURT: Well, I know, but I'm not
18 going to go with that. But go ahead. Abuse of
19 trust, yes.

20 MR. WILEY: It is the defense position
21 that it is difficult to ride both ponies, i.e., that
22 as we stand here today, I understand there is a
23 civil case out there, and there's a receiver in that
24 case. And there are certainly people who are being
25 held responsible, starting with administrative

1 responsibility, there's civil responsibility, and
2 there's criminal responsibility.

3 My client --

4 THE COURT: Mr. Faulkner, are you looking
5 over here?

6 THE DEFENDANT: I am. I'm sorry.

7 THE COURT: Go ahead.

8 MR. WILEY: My client is obviously the
9 only person. He takes no hubris with -- with that,
10 that he's the only person being criminally
11 responsible.

12 However, it is difficult to balance that
13 he's the only person being held criminally
14 responsible, but he has a role as a leader organizer
15 with other -- with other people who are certainly
16 being held civilly responsible, as they are named in
17 the companion civil cases in front of Judge
18 Fitzwater.

19 THE COURT: Uh-huh.

20 MR. WILEY: And so it's difficult to
21 intellectually be consistent in arguing that he's a
22 leader organizer and other folks are responsible,
23 but they are not -- they are not responsible at the
24 same -- at the same level.

25 THE COURT: But that's really not a legal

1 objection, is it?

2 MR. WILEY: It is an equitable -- I would
3 agree that -- that I did differentiate between the
4 criminal and the civil liability of individuals.
5 And so, yes, it could be considered not at legal
6 objection.

7 THE COURT: I mean, if you want it to be
8 legal, it's legal. But I just don't understand
9 because, you know, they can do what they want to do
10 with charging.

11 MR. WILEY: Absolutely. Absolutely. And
12 I don't pretend to have that discretion any longer,
13 to have prosecutorial.

14 THE COURT: I mean, I think a lot more of
15 these guys should have been prosecuted, but go
16 ahead.

17 MR. WILEY: Yeah, and I share the Court's
18 belief. But my client takes the position that he
19 wouldn't want other people to be criminally charged.

20 But it is me just pointing out that there
21 is a dichotomy there to be a leader organizer in a
22 criminal enterprise, for lack of a better word,
23 where other people are not considered adjoining
24 criminals for lack of . . .

25 THE COURT: Okay. Okay. You also object

1 that there's not five people in it?

2 MR. WILEY: Yes.

3 THE COURT: Okay. Okay. If you will step
4 aside, I want to hear from the Government on this.

5 Ms. Miller, please speak into the
6 microphone.

7 MS. MILLER: Your Honor, the four-level
8 enhancement for organizer leader requires two
9 things: That the -- well, three things, but I don't
10 think the first one is in dispute, which is that the
11 defendant had basically the top managerial role.
12 That's not in dispute.

13 Secondly, that he directed another
14 criminal participant. He only has to direct one
15 under this section of 3B1.1. And the Government
16 would submit there were multiple people who were
17 criminal participants, not merely just involved in
18 the scheme. Parker Hallam, to some extent he was
19 criminally responsible because he had control over
20 the operations of some of the subsequent companies.

21 THE COURT: Slow down a little bit. Okay.

22 Slow down just a little bit. Okay.

23 MS. MILLER: Michael Miller also had
24 control of one of the later entities, which
25 solicited funds and resulted in losses to the

1 victims.

2 The PSR talks about in paragraph 27 how
3 the geologist, Mr. Simo, inflated the estimated
4 production and then of course Mr. Faulkner took the
5 inflated numbers and -- and doubled or tripled them
6 in some cases.

7 So those are just three examples of
8 criminal participants. To some extent, Beth Hankins
9 could be considered criminally liable.

10 THE COURT: What section are you talking
11 about, 3B what?

12 MS. MILLER: 3B1.1, the organizer leader
13 aggravating role enhancement.

14 THE COURT: Anything else?

15 MS. MILLER: Unless I misunderstood the
16 objection that was made, it appears that the
17 defendant is arguing that it has to be both five
18 criminal participants and otherwise extensive, but
19 that's not the plain language of the four-level
20 enhancement.

21 This offense was otherwise extensive under
22 the case law and the section which includes the well
23 operators, the people handling his bank accounts,
24 the people that worked for him, the salespeople, the
25 investors, I mean it's clearly extensive.

1 THE COURT: Thank you, Ms. Miller.

2 MS. MILLER: Thank you.

3 THE COURT: Mr. Wiley, come on back up.
4 Anything else?

5 MR. WILEY: Again, we would agree -- and I
6 certainly believe that counsel is correct -- that my
7 client, as the president and founder, is clearly --
8 and he accepts that role -- is clearly responsible.
9 It's just the roles of the -- of the other people
10 that he takes some -- some difficulty with. But he
11 is in no way saying that he's not responsible.

12 THE COURT: It says here 3B1.1(a): If the
13 defendant was an organizer or leader of a criminal
14 activity that involved five or more participants or
15 was otherwise extensive, increase four levels.

16 I think they've got it. I mean, my gosh,
17 it was so extensive, and they had five or more
18 people, at least five or more people.

19 So I'm going to overrule that objection,
20 Mr. Wiley.

21 MR. WILEY: Okay.

22 THE COURT: Go on to your next one.

23 MR. WILEY: The next one was the -- was
24 the obstruction of justice.

25 THE COURT: Uh-huh.

1 MR. WILEY: And that really has to do --
2 oh, the obstruction of justice was actually -- it's
3 long, but at the end it does say that it's not
4 applicable, I believe.

5 THE COURT: Yes. I mean -- wait, I -- I
6 think obstruction of justice is applicable. Go
7 ahead.

8 MR. WILEY: Okay.

9 THE COURT: I think -- does he get points
10 for it?

11 MR. WILEY: Is that right?

12 (Discussion between Mr. Wiley and
13 prosecutor.)

14 THE COURT: Yeah, gave him two points.

15 MR. WILEY: Okay. The position is that
16 the actions in which they speak of, they occurred
17 before the -- before this criminal case.

18 The primary thing is that, when acting in
19 a business world, it is not unusual for -- for folks
20 to, however it is within a civil arena, which is
21 where this law is, to, in their mind, fight back
22 to -- to get lawyers, to try and push back. That
23 was well before the -- the criminal case was known.

24 It's -- it's -- it acted as if it was
25 imparted on my client, that because investigators

1 were working within the SEC and raids were done,
2 those are done in civil -- in civil cases. And so
3 that was not necessarily a beacon for him to know
4 that, I'm getting indicted. In fact, he wasn't
5 indicted until many years later after a complaint
6 was -- was filed.

7 And so the movement of money, although
8 wrong, certainly wrong, even within a civil confine,
9 that was not done to obstruct a known criminal
10 investigation. They impart knowledge on him back in
11 2015, 2016, when the case, you know, wasn't
12 indicted, he wasn't arrested until years later.

13 THE COURT: Okay. Thank you, Mr. Wiley.

14 Ms. Miller, please come up here and give
15 me your response.

16 And slow down, please.

17 MS. MILLER: Your Honor, I think it's
18 helpful to just revisit what formed the basis of the
19 obstruction enhancement.

20 THE COURT: Please go into detail if you
21 need to.

22 MS. MILLER: Well, there are several
23 things. But the PSR talked about this in paragraph
24 58 and other paragraphs.

25 But specifically, the defendant and his

1 mother opened a mailbox for the purpose of diverting
2 oil and gas payments after the -- the civil CEA --
3 I'm sorry --

4 THE COURT: SEC.

5 MS. MILLER: -- SEC action had an
6 appointed --

7 THE COURT: Receiver.

8 MS. MILLER: -- a receiver appointed, and
9 there was an order freezing his assets, and then
10 preventing the defendant from diverting the mail
11 anywhere else.

12 The order specifically provided that he
13 was not to open any other mailboxes. The receiver
14 was receiving production checks and other mail
15 related to the wells' operations, and in order to
16 have the receiver effectively do his job, the mail
17 was directed there.

18 So the obstruction enhancement is twofold:
19 It obstructed the receivership in obtaining funds to
20 be used in the corrupt operation of the --

21 THE COURT: Returning money to people,
22 right?

23 MS. MILLER: Right. But also the fact
24 that this defendant tried to divert incoming
25 production checks to another mailbox thwarted the

1 Government's ability in the criminal side to obtain
2 the money back for the victims.

3 And just for the Court's edification, the
4 timeline here is search warrants were executed at
5 the defendant's business location in April of 2016.

6 THE COURT: Okay. Search warrants in the
7 criminal case?

8 MS. MILLER: Yes.

9 THE COURT: Okay.

10 MS. MILLER: Seizure warrants for some
11 cashier's checks were obtained from a United States
12 Magistrate Judge in July of 2017.

13 So the defendant -- and those were
14 attempted to be executed as well, and the defendant
15 knew about that as well.

16 And then the new mailbox was opened in
17 August of 2017.

18 So the defendant was clearly aware of the
19 criminal investigation and the SEC's action by the
20 time he committed this conduct.

21 And the Government would also say, the
22 fact that the defendant's mother took proceeds from
23 the sale of his home and converted them into
24 cashier's checks and then sent them elsewhere and
25 that the defendant tried to flee the country in

1 2018, while being prosecuted and knew that he was
2 under a deadline to give the Government an answer on
3 its proposed resolution of the criminal case, all
4 support the obstruction enhancement.

5 THE COURT: Okay. Thank you very much.

6 Mr. Wiley?

7 Mr. Wiley?

8 MR. WILEY: Yes.

9 THE COURT: Come on back up here.

10 Anything else?

11 MR. WILEY: On that point, no.

12 THE COURT: I mean, the obstruction of
13 justice is replete throughout this case from 2016
14 on. And she has given us a good summary of it, but
15 it's in their response at Document 152. It's also
16 in the presentence report at Document 58. And you
17 know, it is -- it is just amazing how much this man
18 diverted things and hid things and did secret things
19 in the effort to avoid criminal prosecution and
20 civil liability.

21 It's obstruction of justice, and I'm going
22 to sustain the -- overrule the objection. Okay?

23 MR. WILEY: Yes, ma'am.

24 THE COURT: Okay. Let's go to the next
25 one.

1 MR. WILEY: May I have one moment?

2 THE COURT: Yeah, absolutely.

3 MR. WILEY: The other one I wanted to -- I
4 believe this is the last one.

5 THE COURT: There's several. There's
6 amount of loss.

7 MR. WILEY: That's where I was going.

8 With the intended loss, the -- although
9 there was obviously -- and the Court has ruled that
10 there were attempts to -- to move money, hide money,
11 at the beginning of this endeavor, I don't believe
12 that was -- I think there's evidence to support that
13 that was not the intent, i.e., expert lawyers were
14 hired, there were -- these are not dry holes. What
15 we had was a person that inflated the cost of --

16 THE COURT: So there was some benefit
17 going to the investors?

18 MR. WILEY: Absolutely.

19 THE COURT: What kind of benefits?

20 MR. WILEY: Royalties. Royalties that to
21 this day the receiver, who has been very competent
22 in this case -- that's the companion case -- has
23 been clawing back. That money has come back in
24 large amounts of money, and it still is there.

25 And so it wasn't intended that folks

1 weren't going to get anything, and that was not the
2 intent. But as my client will speak to this later,
3 that there was a time, obviously -- and that's why
4 we're here in criminal court here today -- where
5 that changed.

6 But the initial, when they went in, the
7 hiring of lawyers, the hiring of experts, the
8 looking at liabilities, there was an attempt to do
9 things the right way. And at some point -- and we
10 will talk about that at the appropriate time -- that
11 went off the rails.

12 The other thing about -- about intended
13 loss is, it is a little bit difficult, because when
14 I first came into this case, I thought, well, I know
15 it's complicated, because there's a lot of
16 discovery. What I did not realize was the enormity
17 and the fluidity of the other case, because there
18 are numbers that are associated with that case that
19 fluctuate. In fact, they fluctuate quarterly. As
20 this very successful receiver pulls back and claws
21 back money, the amount of restitution changes.
22 Similarly, depending on when you look at it, the
23 amount of loss changes.

24 THE COURT: You're not contesting the
25 amount of restitution, though, right?

1 MR. WILEY: I'm not contesting the amount
2 of restitution from this standpoint --

3 THE COURT: Okay.

4 MR. WILEY: -- that my client is prepared
5 to -- you're the only Article Three person here.
6 You're going to take anything that you tell him is
7 the right thing, and you have that discretion.

8 What I am trying to impart is: One, it
9 was not the intent that everybody is going to lose
10 in this deal, to start with; and two, that there are
11 differing numbers out there.

12 And so when you put out the number as
13 probation -- I know that they did a good job, as
14 they put out there, that does not take into
15 consideration the actual cost of drilling. That
16 doesn't take into consideration the cost of actually
17 doing the real business, not the inflated business,
18 but the real business. So we have at the end of the
19 day a very large number. But that was not the
20 intent, or else there would not have been the actual
21 drilling of wells. There would not have been the
22 distribution of royalties.

23 And the one thing that I had, although it
24 doesn't change what counsel said about the
25 obstruction piece, is that at the time, the

1 royalties weren't a part of the receivership when
2 they talked about he took some of those checks. It
3 wasn't part of the receivership. It is now, but it
4 wasn't back then. I'm not rearguing that, you
5 already ruled on that, but I wanted to give the
6 Court additional information on that.

7 So while that number is big, and my client
8 is prepared to settle up with that as best he can
9 throughout the remainder of his life, we want the
10 Court to know that that was not the intended -- he
11 will have his own opportunity to explain. I won't
12 attempt to do that at this juncture, because we are
13 at a different point in the sentencing procedure.

14 THE COURT: Thank you, Mr. Wiley.

15 MR. WILEY: Thank you, Your Honor.

16 THE COURT: Thank you.

17 Who is going to speak to this?

18 Ms. Miller, come on up.

19 MS. MILLER: Your Honor, the --

20 THE COURT: Speak into the microphone,
21 please.

22 MS. MILLER: -- the sentencing guidelines
23 ask the Court -- or directs the Court to make a
24 reasonable estimate of the loss, and plainly directs
25 or instructs the greater of intended loss or actual

1 loss.

2 THE COURT: Uh-huh.

3 MS. MILLER: I understand that Mr. Wiley
4 is attempting to say there was some kind of service
5 rendered or that the defendant incurred costs. But
6 when you actually look at the Sentencing Guidelines'
7 direction in 2B1.1, the Court's reasonable estimate
8 of loss would be, what did the defendant do in terms
9 of soliciting funds? He -- I mean, it's very well
10 detailed in the PSR about all the --

11 THE COURT: Give me the section. 2B1.1
12 what? 2B1.1?

13 MS. MILLER: Well, 2B1.1, initially (b),
14 but then if you look at the commentary, the
15 commentary starts at Application Note 3 --

16 THE COURT: Yeah.

17 MS. MILLER: -- where loss is defined as
18 greater -- right.

19 So I think that Mr. Wiley is trying to
20 argue under subsection (e) that there might be some
21 credit due him because his fraudulent scheme
22 actually incurred costs through his companies. But
23 it's --

24 THE COURT: Subpart (e), let me just find
25 that. Where is (e)?

1 MS. MILLER: It's Application Note 3(e),
2 and that is credits against loss, which he --

3 THE COURT: Okay. Let me just find that.
4 (Pause.)

5 MS. MILLER: Your Honor, if it's the 2018
6 PSR -- I mean Sentencing Guidelines Manual, that
7 would be page 91.

8 THE COURT: Okay. Okay. Okay. Yes, I
9 see it. Okay. Go ahead.

10 MS. MILLER: His position is just not
11 grounded in anything set forth in the Sentencing
12 Guidelines.

13 He points the Court to the subsection (e)
14 credits against loss, and then today has argued,
15 well, the defendant's companies incurred expenses
16 and so forth. But there's nothing in subsection (e)
17 or frankly in any of the other parts of the
18 application note that allow any deduction in this
19 fraudulent scheme.

20 You know, the fraud scheme is basically
21 false statements to investors, inflated amounts
22 inducing them to send their money, and then he just
23 pocketed huge amounts over and above what the
24 investors received back. And the PSR details that
25 quite -- at quite some length.

1 And so we would urge the Court not to
2 follow this faulty reasoning.

3 THE COURT: Okay. Thank you.

4 Mr. Wiley, come on up. Anything else?

5 MR. WILEY: No, ma'am. I believe that --
6 that sums up the -- the portion that we're
7 addressing here, ma'am.

8 THE COURT: I'm going to agree that this
9 comports with 2B1.1(b) -- is it (b)?

10 MR. WILEY: Yeah.

11 THE COURT: -- and the commentary, and
12 that the enormity and the complexity of this boils
13 down to people didn't get what they asked for.
14 People didn't get what they paid for over and over
15 again, over what, five years, six years?

16 MR. WILEY: I believe it's five.

17 THE COURT: Yeah. So, you know, I think
18 the intended loss is best we can do is
19 \$149,524,548.90, and I'm going to keep it at that.

20 I understand this may fluctuate a little
21 bit, but that's -- you know, we can only make a
22 reasonable guess. So that's -- that's what I see is
23 the intended loss.

24 MR. WILEY: Yes, ma'am.

25 THE COURT: So I will overrule that

1 objection.

2 Let's move on to your other.

3 MR. WILEY: I believe that was the --

4 THE COURT: Mr. Busch?

5 MR. BUSCH: One moment, Your Honor.

6 THE COURT: Okay.

7 (Discussion off the record between

8 Mr. Busch and Mr. Wiley.)

9 THE COURT: You had sophisticated means.

10 MR. WILEY: I had sophisticated means.

11 Your Honor, at -- at that point, once this
12 company was -- was formed, it was just a matter of
13 after sophisticated investors got through the -- the
14 initial screening process, it was simply a matter
15 of -- just no other way to say it, and I think the
16 Court said it a moment ago -- that it was just not
17 telling them the truth.

18 THE COURT: Yeah, right.

19 MR. WILEY: And I -- I don't know other
20 than him having hired other people, him being my
21 client, other people around him, that -- that -- how
22 that rises to the level of sophisticated means.

23 THE COURT: Okay. All right. Ms. Miller,
24 anything you want to say on that?

25 Come on up.

1 MS. MILLER: The sophisticated means
2 enhancement is appropriate for fraud schemes like
3 this one.

4 THE COURT: Hold on a second.

5 What's going on?

6 (Marshal asking someone to remove gum from
7 their mouth.)

8 THE COURT: Okay. Okay. Thank you.

9 Go ahead.

10 MS. MILLER: For fraud schemes that use
11 fictitious entities or corporate shells, a
12 sophisticated means enhancement is appropriate. In
13 2B1.1 application note 9(b), the commentary
14 describes that as a scenario where this enhancement
15 would be applicable.

16 And not only did the PSR detail the
17 nominee companies that Mr. Faulkner utilized to
18 route all these funds through, but his own factual
19 resume, he stipulated to that, as well. So we would
20 ask the Court to apply the enhancement.

21 THE COURT: I'm going to apply it. It's
22 very sophisticated. I don't know what else to say.
23 The presentence report and all the addendum and the
24 Government's response, it's absolutely
25 sophisticated. There's no doubt about it. I don't

1 need to go into detail on that, so I overrule that
2 objection.

3 Are there any other objections you had,
4 Mr. Wiley?

5 MR. WILEY: The only other objection I
6 believe was abuse of position of trust.

7 THE COURT: And they gave you that.

8 MR. WILEY: Yes.

9 THE COURT: They agree with that, so I'm
10 going to agree with that, too. And that would take
11 you down to offense level -- let me see -- 41, is
12 that right?

13 USPO: No, Your Honor, it will stay a 43.
14 Because the two levels will come off the adjusted
15 offense level, which is a 50, it will become 48, so
16 it will remain a 43.

17 THE COURT: All right. Let me see if I
18 agree with that.

19 Okay. Tell me that again. The adjustment
20 level would --

21 USPO: In the presentence report, the
22 current adjusted offense level is a 50.

23 THE COURT: Would you take your mask off,
24 please?

25 USPO: Yes.

1 THE COURT: Thank you.

2 USPO: So by taking off those two points
3 for abuse of position of trust, the adjusted offense
4 level would become a 48. And so because the highest
5 guideline in the guideline manual is a 43, it would
6 remain a 43.

7 THE COURT: I gotcha.

8 Mr. Wiley, do you understand that?
9 Anything else?

10 MR. WILEY: I do. And I think the last
11 one was that the Government allow for acceptance of
12 responsibility, if that wasn't already raised.

13 THE COURT: I don't agree with that.

14 MR. WILEY: Okay.

15 THE COURT: So this stays the way it is.

16 I mean, I don't agree with it, because I
17 think Mr. Faulkner has, since the beginning -- and
18 probably still now -- is continuing -- well, I'll
19 see what he has to say. But this is just a fraud
20 that lasted so long, I don't see any acceptance of
21 responsibility, especially with the obstruction of
22 justice note, and I think it would be odd to have
23 both. But I think I could do both, but I'm not
24 going to.

25 So, okay. Go ahead, Mr. Wiley, come on

1 up, and let's just hear your argument.

2 MR. WILEY: Okay.

3 THE COURT: Do you want to call somebody
4 or anything?

5 MR. WILEY: I didn't know if you wanted to
6 hear from the victim that was here first or --

7 THE COURT: No, I will wait until the
8 Government's case.

9 MR. WILEY: Okay. This is a complicated
10 case and a complicated man. I think the judge has
11 figured a lot of it out. I would like, as best I
12 can, to fill in some of the portions that aren't
13 necessarily present in a presentence report and
14 aren't present in the facts of the -- of the case.

15 THE COURT: Okay.

16 MR. WILEY: It's a complicated case
17 because, as I have alluded, there is a criminal
18 case -- it's not just complicated because of the
19 tremendous amount of discovery or because I am the
20 third attorney that has represented my client. It
21 is complicated in part because this case had its
22 genesis in an SEC case.

23 And that's not unusual for the
24 Government -- and the Government often does -- is to
25 run criminal and civil cases concurrently.

1 What is unusual is for -- it's above my
2 pay grade, so I'm not offering any criticism, please
3 understand that -- that it is unusual for one case
4 to go to one court and another case to go to another
5 case -- court.

6 It is also unusual for, as this happens
7 often -- for the civil case not to be stayed.
8 Because in most instances, or at least instances in
9 my limited experience that I am familiar with, that
10 the civil case is stayed and the criminal case
11 proceeds.

12 In this case that, of course, didn't
13 happen. And why they don't often proceed is because
14 the criminal case and the civil case involve the
15 same set of facts and most often the same set of
16 defendants.

17 THE COURT: Did they file a motion for
18 stay?

19 MR. WILEY: Not to my knowledge. I came
20 in much later.

21 THE COURT: Motion for stay in the civil
22 case.

23 MR. WILEY: Not to my knowledge. I came
24 in much -- much later. I came in when we were set
25 to be here.

1 And again, that didn't -- that didn't
2 happen. And perhaps it didn't happen because it was
3 just one person in the criminal case and there were
4 many people in the civil case; and there were
5 disenfranchised investors that were sophisticated
6 investors, meaning that they either had a million
7 dollars set aside or had made \$250,000 in successive
8 years, you have to be certain people to be
9 investors. But that didn't happen.

10 A receiver was appointed. To my
11 understanding, and from what I have been able to
12 glean and read, a very good receiver; aggressive,
13 clawing back money, following lawsuits, harrowing
14 firms, getting summaries done. That has been
15 largely successful from what I can see. The numbers
16 that have come back are over \$21 million as far as
17 the latest quarterly report, which I believe was in
18 June.

19 The difficulty is that there's only one
20 person that is responsible here. And the -- and the
21 calculus that's used in the civil case is different
22 than what we use in the criminal case.

23 They spend sumptuous amounts of money
24 hiring accountants and forensic accountants to look
25 at things; whereas here, we are relying largely on

1 our -- our overworked prosecutors and Court -- Court
2 support staff and folks --

3 THE COURT: Well, the Government has lots
4 of agents working on it, though.

5 MR. WILEY: Yes. Yes, they do. That made
6 it complicated for me, because I saw a lot of
7 different numbers.

8 And I majored in English, and figuring out
9 all those numbers is not my strong suit. We try our
10 best, but it is confusing. It's hard to explain to
11 a client who is a smart guy what's going on with
12 that, because I knew the number was this when we
13 started, and now it's this.

14 THE COURT: Are you talking about intended
15 loss?

16 MR. WILEY: Yeah, talking about the loss
17 and the restitution. That number has changed
18 throughout time. But that's not what we are here to
19 argue about, because those numbers are so large that
20 it's not going to make a -- it's not going to make a
21 difference.

22 But what I do want to impart is that he
23 would want you to know that he didn't do it alone,
24 and he didn't do it all by himself. And so even
25 those he's responsible for it, he's not

1 140-million-dollar man that got everything.

2 THE COURT: He did get a lot though.

3 MR. WILEY: He did get a lot. I'm not
4 saying he didn't.

5 THE COURT: He was traveling all over the
6 world.

7 MR. WILEY: Yes, absolutely. I'm not here
8 to contest that. Complicated person. This is a
9 complicated man and a complicated case.

10 Complicated person, because like many
11 self-made people, he's highly intelligent, highly
12 motivated, person out front. He had a good
13 upbringing or so it appeared. He was a smart kid
14 always, in Grapevine. He had a great GPA while he
15 was there.

16 THE COURT: Yeah.

17 MR. WILEY: I would be envious of that for
18 my kids.

19 But he curiously didn't finish college.
20 But that, in these days and time, that's not that
21 uncommon. You have Zuckerberg, you have Gates, you
22 have even Dick Cheney didn't finish college; doesn't
23 mean they are any less intelligent.

24 The thing that my client had working
25 against him -- had many successful businesses

1 through the years, this is isn't his first business
2 endeavor. And by all accounts, as we look on his
3 record as a business person, that wasn't there.
4 There wasn't a problem. Everything looked
5 successful.

6 I believe that there was one slight
7 indication that could have told us what was really
8 going on, and that was when my client was a
9 passenger in a vehicle where he was so intoxicated
10 that he, too, although not the driver, was arrested.
11 And when he was arrested, there was found user
12 amounts of cocaine. If we had looked deeper at that
13 point, we would have known that my client suffered
14 from something that the other highly successful
15 people that I mentioned didn't, and that's
16 addiction.

17 It's also an inflated view of one's
18 father. It's been said, so I understand, that gold
19 star children do well in life in spite of the
20 absence of a parent that was lost because they have
21 the ideal of a hero that they strive to be.

22 My client had a hero that he never met.
23 That was his father. He believed that his father
24 was smart, like he was. He believed that he was a
25 personality bigger than life and that he was

1 well-to-do. Partier. That's what, if you really
2 got down to it, what my client thought was a
3 standard. That's why he was hard-charging.

4 He didn't go into business to be a
5 criminal or a convicted felon. He did it to be
6 successful in his mind. Somewhere -- and his key to
7 success was always to surround himself with smart
8 people and then listen to the advice that they gave
9 him. But at some point, he stopped listening to
10 that advice. He started listening to the goal that
11 he thought he wanted to have, and more importantly
12 feeding his own addiction.

13 I believe my client will tell you the
14 plethora of narcotics that he was on. And in my
15 mind -- and having seen many defendants on both
16 sides of the table -- you can only dance with the
17 devil so long, because the devil's music doesn't
18 change. The dance doesn't change. You change.

19 And so what he thought were good business
20 investments and good business decisions ended up
21 just being a way to fuel his own addictions. And
22 it's tragic. It's absolutely tragic, because my
23 client had friends, he had lawyers. We sat in the
24 their offices with marbles, and they would give him
25 a drink and drink a Coca-Cola and maybe a drink of

1 alcohol. They were at his beck and call.

2 Now he just has a court-appointed lawyer,
3 got no friends, limited family. He is -- there's
4 nothing for him except for a hope, a hope in
5 sobriety that he can have. It's been 40 months --
6 39 months and two days today that he's been in
7 custody in seven different institutions.

8 On my watch, I've been to five. And this
9 is the first time I've actually been able to reach
10 next to him and touch him, because every time it's
11 been through a glass. That's his life. He used to
12 be able to be with, as you pointed out, partying and
13 going all over the world. That's not who is sitting
14 here today. He has only the hope in sobriety.

15 THE COURT: Are any family members here?

16 MR. WILEY: I think there's one.

17 THE COURT: Oh, yes. Thank you.

18 Are you his wife or something?

19 CAROLE FAULKNER: No, ma'am. His mother.

20 THE COURT: Okay. His mother. Thank you
21 very much. And what's your name.

22 CAROLE FAULKNER: Carole Faulkner.

23 THE COURT: Carole Faulkner. Thank you
24 very much. Go ahead. You can be seated.

25 MR. WILEY: And that's what we find, we

1 find this. And I don't mean to comment on it, but
2 it's just the truth. Mothers are the only ones in
3 court, because everybody else has given up.

4 I encourage my client not to give up on
5 himself and to relish in sobriety and to go back to
6 the -- to the morals that kept him for all those
7 years, but he was a functioning addict for years.
8 Many of us can't imagine that. I don't know how to
9 do it. Most folks don't. But I don't think it ever
10 has a happy ending. And that's where we are today.

11 And I hope that the Court received my --
12 you acknowledged you received my sentencing
13 memorandum. There is one thing during this
14 portion -- yeah, if I could, there is one thing, if
15 counsel would come up with me and I could approach.

16 THE COURT: Yeah.

17 (Bench Conference SEALED; not a part of
18 this record:)

19 (SEALED Bench conference concluded.)

20 THE COURT: Shawnie, to the extent we need
21 to, I'm going to seal that conference.

22 Go ahead, Mr. Wiley.

23 MR. WILEY: Yes, ma'am.

24 After going through those things and being
25 lost in addiction, some of it is -- just most of the

1 businessmen I know, they are very litigious, they
2 just are, I mean, self-made people. And I believe
3 that that was his initial reaction when approached
4 by the SEC, not realizing that you are dealing with
5 the Government. You are not going to win that. And
6 we see how that approach worked almost 40 months
7 later. Again, he's here in an orange jumpsuit.
8 He's been in the SHU for the last two months.

9 THE COURT: Why?

10 MR. WILEY: Had nothing to do with him.
11 But as they move and, in part, because of maybe
12 perhaps the situation we talked about that -- that
13 you're in a place that's -- where it's a hundred
14 degrees, has no air conditioning, no ability to
15 shower or limited ability to shower, no grooming.

16 When I first met him, his face didn't look
17 like that. But he doesn't have anything. And
18 although this is an incredibly high amount of money
19 and he did benefit from it tremendously, he's got
20 none of that. None of that is left. And you will
21 have to hear from him yourself.

22 But I know that those actions that we have
23 talked about, the actions against the Government,
24 the actions in trying to hide and conceal money, I
25 know that was not -- as the Court well knows, was

1 not the right reaction. But I -- I would -- I
2 shouldn't say "wager," somebody told me to never say
3 "wager."

4 THE COURT: You can say "wager" to me.

5 MR. WILEY: Okay. But that's not the same
6 person that's here today. Thirty-nine months, it's
7 the same as custody. People tell you when to get
8 up. They tell you when to sit down. They tell you
9 when to eat. The whole thing. And he is
10 tremendously sorry for what -- for what he did. And
11 he would ask for a sentence of -- of 120 months. I
12 know the maximum is 180. But I think there's
13 information -- and you have always been wise, and
14 you're going to judge him for yourself. I've known
15 you for a long time. I knew you back when I had
16 hair -- that you will be able to look at him and be
17 able to judge his sincerity and to weigh the factors
18 of 3553 and find a just punishment that protects the
19 community and that gives ample punishment but still
20 gives the word hope.

21 THE COURT: Okay. Thank you very much,
22 Mr. Wiley.

23 MR. WILEY: Yes, ma'am.

24 THE COURT: Mr. Faulkner, come on up here.
25 Let's hear from you.

1 Go ahead.

2 THE DEFENDANT: Good morning, Your Honor.

3 THE COURT: Good morning.

4 THE DEFENDANT: To discuss how I got here
5 today, I just want to speak a minute about my past.
6 Thirty years ago, I started my first business --
7 I've got a scratchy throat, sorry, from allergies.

8 THE COURT: Thirty years ago. How old
9 were you?

10 THE DEFENDANT: Fifteen years old.

11 THE COURT: You were 42 when you were
12 arrested. How old are you now?

13 THE DEFENDANT: I'm 45 on December the
14 6th.

15 I started my first company when I was 15.
16 Subsequently I've started approximately 50 companies
17 over the course of these three decades.

18 Each one of those companies I -- I -- I
19 built the same way, a lot of hard work, starting
20 from scratch, and surrounding myself with smarter
21 people than myself, people who knew their bailiwick
22 and their expertise.

23 It worked well for me up until those same
24 people in Breitling we used, the best securities
25 lawyers, accountants, auditors, compliance people,

1 and for some period of time, you know, I took their
2 advice, I heeded their advice.

3 But at some point, if life is -- if -- if
4 life is a tree of choices and the branches are the
5 choices and the decisions we make, I grabbed onto
6 the wrong branch, and I found myself in a dark spot,
7 in a dark hole, in the throes of addiction. I was
8 using cocaine and Adderall, large amounts of
9 alcohol, opioids, for approximately ten years. And
10 I thought I was a functioning addict, to use
11 Mr. Wiley's term, but the reality is that I was not.

12 And so we were padding -- if you want to
13 use the word padding -- or increasing the cost
14 structure of each one of our drilling deals. And I
15 was utilizing a portion of that money to support an
16 addiction of alcohol and narcotics.

17 And I found myself in that deep, deep
18 hole, and I had no way, I guess, to get out. I
19 thought I was managing it, or I thought I was
20 maintaining it. I think when you're in the throes
21 of addiction, you feel that, you know, your ego and
22 you can handle whatever. But the reality is that I
23 was crippled from that.

24 And I didn't realizes how bad it was until
25 I met Ronald Leazer (phonetic) and James Bridges

1 from the FBI and the IRS in Los Angeles, and they
2 arrested me. And they put me in a beach -- a
3 Manhattan beach jail overnight. And the next
4 morning they came to transport me to the
5 Metropolitan Detention Center in Los Angeles.

6 In the morning, when I got in the car,
7 James Bridges from the FBI got in the back seat next
8 to me and asked me, "How are you feeling? Are you
9 okay this morning? Are you going through any kind
10 of withdrawals?" And until that moment, I didn't
11 really know that everyone knew of my addiction, and
12 it sort of took me aback when he said that.

13 I went through a detox and withdrawals in
14 the Los Angeles Detention Center 39 months ago,
15 roughly, and two days. It was rough. And I -- I
16 really took his question, if you will, to heart.

17 And for the last 39 months, I have
18 maintained a clean and sober sobriety life. And
19 even going to AA classes at Dallas County Jail when
20 I went through there, they offered them -- other
21 places don't really offer them, but they offered
22 literature that I could can read up on. And I don't
23 need to tell you, Your Honor, that there are drugs
24 and alcohol available in jail.

25 THE COURT: Oh, yeah.

1 THE DEFENDANT: Okay, so -- if you want
2 them. But that's my best asset today is sobriety,
3 and I don't take it lightly.

4 So standing here before Your Honor this
5 morning, I take full responsibility for my actions
6 and the actions that led to these crimes being
7 committed against our investors. And my lying and
8 manipulation and poor judgment is really what led to
9 the destruction of the company and my
10 self-destruction, as well.

11 So I want to make that clear, that I take
12 full responsibility for that. So as I stand here at
13 my darkest day and my darkest hour before you, I am
14 ready, willing and able to accept the punishment
15 that you deem necessary.

16 And being locked up gives you a lot of
17 time to think about stuff. And also being sober
18 gives you a lot of time to think about stuff
19 clearly, with a sober mind and good judgment.

20 I have thoughts about mortality. I am 45
21 years old now in a few months. And looking back at
22 the time I wasted and the time I threw away to drugs
23 and alcohol, those are times I can't get back. I
24 can't get back those days, months and years that I
25 tossed away. But I do think about my life going

1 forward, a much simpler life.

2 This chapter of my life is over. You are
3 fixing to write the ending today. You are fixing to
4 send me on a journey. And once I get done with that
5 journey and get back out into the free world, I'm
6 going to take it one step at a time. I'm going to
7 protect my biggest asset, which is my sobriety. And
8 anyone I surround myself with in the future won't be
9 an enabler, an enabler of drugs or alcohol, they
10 will be a supporter of what I have accomplished in
11 these last 39 months, not wasting those months but
12 really working hard.

13 It wasn't easy, Your Honor. The first
14 year I really felt like my mind was still foggy.
15 The impact from drugs and alcohol, it wasn't just
16 where it goes away when you stop. It lingers for
17 some period of time. It's hard to explain. It just
18 really -- it really handicapped my mind and my
19 system.

20 THE COURT: But -- but, you know, you say
21 you were on drugs. But, my God, you did -- you
22 know, you have Breitling Oil and Gas, you have Crude
23 Energy, you have Patriot Energy, and it goes on and
24 on. And, you know, it -- I think BOG, BEC, Crude
25 and Patriot. How did you do all that being high on

1 drugs?

2 THE DEFENDANT: Well, Your Honor, I think
3 that when you become a functioning addict, in the
4 morning, you know, you take Adderall to get up in
5 the mornings, and in the evenings you take Xanax to
6 go down to sleep. Friday through the weekend
7 becomes party central. Friday at some points become
8 Thursday and Friday, Thursday, Friday, Saturday and
9 Sunday becomes Monday sometimes.

10 And in the business, Breitling and the
11 subsequent companies, there was a mentality of work
12 hard/play hard. It wasn't just myself in the throes
13 of addiction. It ran through my business partners
14 and the folks in the sales department, et cetera.

15 I'm not here to speak about them poorly or
16 positively, I'm speaking about myself. And so I
17 think that functioning addict and functioning
18 alcoholic, I guess it was something that I mastered,
19 I suppose, I don't know. But I can tell you that
20 it -- it got bad over the course of those years, and
21 it was -- it was pretty bad.

22 THE COURT: And you made it -- you were
23 going to take off to Lebanon or something, weren't
24 you?

25 THE DEFENDANT: I was not taking off to

1 Lebanon. I was taking off to London. I had a
2 return ticket.

3 THE COURT: Right.

4 THE DEFENDANT: And then -- and I really
5 think that that interaction with James and Ronnie
6 and more so --

7 THE COURT: James and Ronnie who?

8 THE DEFENDANT: I'm sorry, Ronnie Leazer
9 from the IRS and James Bridges from the FBI. It was
10 really a pivotal point in my life. And I really
11 think standing here today, I am not taking it
12 lightly, they probably saved my life and allowed me
13 to have another chapter, because I was spiraling out
14 of control. So I don't envy the decision you're
15 making today, but I do respect it.

16 And lastly, the most important, I want to
17 apologize -- and I'm very remorseful and I'm very,
18 very sorry -- for the impact my actions had to our
19 victims, their families, our employees and even the
20 community.

21 THE COURT: But you know, they had some --
22 you know, they had some pretty severe victims. I
23 mean, I'm just going to give you some examples.

24 PM, whoever that is, invested \$125,000,
25 and he was -- said, "I hope there was a special

1 place in hell for people like Christopher Faulkner."

2 And Ms. SR, Circle Anchor said she was a
3 farmer and made the investment into the defendant's
4 company in order to retire early; now she can't
5 retire early.

6 I mean, it just goes on and on and on.
7 See these were not necessarily rich people.

8 THE DEFENDANT: Well, our investors, to my
9 knowledge, were all accredited. So I'm not saying
10 that's rich or poor, but they have a sophistication
11 and understanding. But I'm not here to -- I'm not
12 here to try to make excuses for or to lighten the
13 load or the impact.

14 My behavior was abhorrent. And that I can
15 see clearly today. Thirty-nine months ago I
16 probably wouldn't have had the courage to stand
17 before you and say the things I'm saying, but
18 that's -- that's really what I wanted to say this
19 morning, Your Honor.

20 THE COURT: Thank you very much,
21 Mr. Faulkner.

22 You-all can sit down, and I want to hear
23 from the Government.

24 And if you want to call your victim first.

25 MR. BUSCH: Yes, Your Honor.

1 The Government would call Ms. Dyer, Lois
2 Penny Dyer, D-Y-E-R.

3 MS. DYER: Do I need the mask?

4 THE COURT: No, no. Come up here, and I'm
5 going to put you on the witness stand so we can all
6 hear you. Just right up here.

7 MS. DYER: Okay, Judge.

8 THE COURT: Okay. Go ahead and speak into
9 the microphone and state your name for the record.

10 MS. DYER: Okay. Thank you, Your Honor.

11 THE COURT: You've got to speak into it.

12 MS. DYER: Okay. My name is Lois, but I
13 go by Penny Dyer.

14 THE COURT: Do you want to ask her
15 questions, Mr. Busch?

16 MR. BUSCH: Your Honor, I thought that the
17 witness simply had a statement to give to the Court.

18 THE COURT: Yes, absolutely. Go ahead.

19 MS. DYER: Yeah, I do. I do.

20 THE COURT: And if you're going to read
21 it, read it slowly. Okay?

22 MS. DYER: I will probably be reading it
23 and not reading it.

24 THE COURT: Okay.

25 MS. DYER: I want to address this to you,

1 Chris. I want to talk to you like a mother. I'm
2 glad to see to your mom in the courtroom today.

3 My husband, Mike and I, are Christians.
4 And God has blessed us with a very successful
5 mini-storage business. Mike worked faithfully in
6 that for decades to build up our family business.

7 And when we sold all our properties, he
8 tried to make the best reinvestment decisions. And
9 I remember exactly the day that we sat in your
10 office, met you and decided to trust you to invest a
11 huge portion of the profits from the sale of those
12 warehouses into your oil deals.

13 Now, we know that everything we have
14 really belongs to God and that we, you know, are
15 only stewards of what he has entrusted us with for a
16 time. So, Chris, you really didn't steal \$750,000
17 plus all future earnings from us, you robbed God.
18 And really, you owe him a debt you can never repay.
19 I want you to let that sink in just a second.

20 Of course, you know, what you stole and
21 squandered on things, I won't mention, has greatly
22 affected our family's income, our estate and our
23 donation abilities.

24 Because, you see, as Christians, it is our
25 joy to give to missionaries and to organizations

1 that further the gospel.

2 And this is where it hurt me the most, is
3 that we were also sending all of our precious
4 grandkids to Christian schools. We were providing a
5 Christian education for them. And because of what
6 you did, that's no longer possible. And it broke
7 our hearts and it broke their hearts when we had to
8 take them out of their school away from their
9 teachers and all of their friends.

10 So, Chris, nobody ever stands alone. It
11 always affects others, many others in this case.
12 And I'm guessing that, like me, you would agree that
13 your choices have taken you farther than you ever
14 intended to go, kept you longer than you ever
15 intended to stay, and cost you far more than you
16 ever intended to pay.

17 And so now here you sit in this court
18 guilty and awaiting your sentence before this
19 Honorable Court.

20 But -- and surely this was never your
21 dream destiny, nor that of your mom's for you. I
22 have a son and a daughter that are in your age
23 group.

24 But as a mother, I'm going to tell you
25 that it's only going to get worse for you from here,

1 because some day, unless you do repent -- and it
2 sounds like you have made some steps toward that --
3 you're going to stand before the Chief-Justice of
4 the Supreme Court of the entire Universe, and you're
5 going to have to give an account, and the evidence
6 against you is overwhelming.

7 And you will be found guilty, and you will
8 be punished for eternity for this crime and for
9 every other sin as well.

10 But our family does not have to worry
11 about getting justice or reparation from you ever,
12 because either Jesus will save you and redeem you
13 and then our offense against you will be absorbed
14 into the cross of Christ, or God will justly and
15 righteously judge you for your actions against us.

16 So, Chris, today is a really good day for
17 our family, because we are trusting our future to
18 the goodness and the justice of God and the love of
19 God, I might add.

20 Therefore, I'm going to look you in the
21 eye, and I'm going to say that I forgive you, and I
22 release you from the expectation that you are ever
23 going to be able to fix this for us.

24 And so today -- and I have some of my --
25 my husband, my daughter, my son-in-law, my son and

1 daughter-in-law were not able to be here. Today
2 we're choosing to move forward in the freedom of
3 forgiveness.

4 But, Chris, you know, this could be a
5 really good day for you, too. In fact, this could
6 be the very best day of your whole life, but it will
7 be your choice. Of course this choice cannot
8 commute your federal sentence, but it will keep you
9 from serving an eternal sentence.

10 So right now, right now in the quietness
11 of your own heart, if you will admit that you are a
12 sinner and that your sin deserves to be punished and
13 believe that Christ died on the cross for you and
14 took your punishment, every bit of it, and rose from
15 the dead, and if you will put your trust in Jesus
16 Christ alone as your savior, you will be saved. And
17 Chris, if you trust him, I promise you that you will
18 never be disappointed.

19 And whenever those prison doors slam
20 behind you, you will still be free in Christ, which
21 is the only kind of freedom that really ever matters
22 for any of us.

23 The scripture says that "Today is the day
24 of salvation."

25 You know, the Lord always promises

1 forgiveness for our repentance, but he never
2 promises tomorrow for our procrastination. So you
3 may hear the gospel again in prison. You might have
4 already heard it since you've been incarcerated.
5 There very well may be a next time for you, but
6 there will always come a last time.

7 So my prayer for you today is that God
8 will have mercy on your soul and that he will bless
9 you with the gift of true repentance, because only
10 you know your own heart and only God does, and I
11 pray that it will be today.

12 Thank you, Judge.

13 THE COURT: Thank you very much. You may
14 step down.

15 Mr. Busch.

16 MR. BUSCH: Yes, Your Honor.

17 Thank you, Your Honor.

18 THE COURT: Sure.

19 MR. BUSCH: On behalf of the Government,
20 I'm going to keep my remarks brief. There's nothing
21 I can say that is more profoundly moving than what
22 this victim just spoke to the Court.

23 THE COURT: I think so, too.

24 MR. BUSCH: And in this case, there were
25 800 investors --

1 THE COURT: I know.

2 MR. BUSCH: -- that were swindled by this
3 man.

4 THE COURT: Over how many years, five
5 years? Six years?

6 MR. BUSCH: Yes, Your Honor, tens of
7 millions of dollars. And it wasn't simply that this
8 defendant had good intentions in starting his
9 business, that's irrelevant; that this defendant
10 hired experts to advise him on the law on SEC
11 regulations, experts on oil and gas. This defendant
12 lied to the investors from the very beginning. He
13 said he was educated, he was degreed, that he was
14 experienced in these matters, all of that was a lie.

15 He oversold these interests. He knew
16 exactly what he was doing every step of the way.

17 THE COURT: Oversold them, in other words
18 offered more leases than were available or something
19 like that?

20 MR. BUSCH: Yes, Your Honor, more working
21 interest, more working units than were available.
22 He inflated -- he took the inflated geology reports
23 from the geologist and inflated them even more so.

24 The words egregious, grievous, outrageous,
25 are inadequate to describe the conduct in this case.

1 I don't have a word that describes it.

2 I think Ms. Dyer spoke from the heart, not
3 about herself and her husband and her family and the
4 children, but all the other investors in this case.

5 And for this defendant today to say, well,
6 as some sort of an excuse he believed all the
7 investors were accredited, as if that somehow
8 ameliorates or lessens the impact of the fraud he
9 committed. This defendant and his wife in one year
10 alone spent almost \$7 million on American Express
11 bills. All investor money. Money that belonged to
12 good, decent people in this country. People that
13 believed in this man, believed in the lies that he
14 told them.

15 There is simply no measure that can
16 adequately compensate these victims in this case.

17 And I -- and I -- my admiration and
18 respect for Ms. Dyer in saying that she has
19 personally forgave him for his conduct goes to the
20 strength of the good and decent people of this
21 country; the people that he victimized and that he
22 lived this lavish and outrageous lifestyle
23 supporting over \$23 million of investor money that
24 he used to support his own lifestyle.

25 Now, I will give him credit that after he

1 was arrested, before too long, he reached an
2 agreement with the Government and agreed to plead
3 guilty, and he hasn't wavered in that desire to
4 plead.

5 THE COURT: But you had to deal with him.
6 I mean, you had to deal -- you couldn't just give
7 him a certain amount, you had to deal with him. And
8 first you agreed to, what, 140 months or --

9 MR. BUSCH: I think that's correct, Your
10 Honor. It was a 12-year sentence.

11 THE COURT: Yeah, I mean, so you still had
12 to deal with him, right?

13 MR. BUSCH: It was a tremendous amount of
14 effort that went into the investigation before the
15 arrest and after the arrest, that's correct.

16 There really was no place for Mr. Faulkner
17 to run and hide. And I believe Mr. Faulkner
18 realized that and agreed to plead guilty.

19 And we had the original deal that the
20 Court did not approve. And so we have this
21 agreement, and that is the plea to three five-year
22 counts, the two securities fraud and the tax
23 evasion. I haven't even mentioned the tax evasion.

24 The one year of that particular charge,
25 the income was over four and a half million, and he

1 simply failed to file a tax return, failed to pay
2 anything to the United States, failed to assume that
3 rightful role in society that we all expect of
4 ourselves to pay taxes, especially a man who
5 stripped this corporation of investor money to live
6 this lavish -- this insanely grotesque lifestyle.

7 I don't see on behalf of the Government
8 any reason for the Court to depart below the
9 guideline range of 180 months in this case, and that
10 would be 15 years. I know that the Government had
11 agreed in the past to 12, but the Court rejected
12 that. And I don't -- that agreement is gone. We
13 have reached a new agreement, new three-year counts.
14 And I don't frankly see any reason to depart from
15 the 180 months under the facts and circumstances of
16 this case.

17 Again, I -- I don't have words to describe
18 the conduct. Many times we look at these cases in
19 this sterile environment of the courtroom and we
20 don't feel the pain of the victims, especially in a
21 case where there's -- there's a plea and there's no
22 trial. But Ms. Dyer brought it home for all of us.

23 THE COURT: I can see the pain.

24 MR. BUSCH: We will never forget why we
25 are here and what we do.

1 So Your Honor, on behalf of the
2 Government, I would ask that the sentence not be
3 less under any circumstances than 12 years.

4 THE COURT: Fifteen years.

5 MR. BUSCH: Oh, I don't see any reason for
6 the Court to depart below the guidelines of a
7 15-year sentence.

8 THE COURT: Thank you very much,
9 Mr. Busch.

10 Come on back up here Mr. Wiley and
11 Mr. Faulkner.

12 Mr. Wiley, I want to give you a chance to
13 say anything else you would like to say. I mean, I
14 think you have covered it, but go ahead.

15 MR. WILEY: I think that I have. But I
16 did want to thank Ms. Dyer for being here and for
17 having a wonderful family and a wonderful spirit.

18 THE COURT: Was Ms. Dyer involved in this
19 at all? Was she involved in this?

20 MR. WILEY: You mean as far as --

21 THE COURT: In the fraud? No, no, you
22 don't have to answer that. It's awkward, so we
23 won't answer that.

24 MR. WILEY: No, I was saying the nice lady
25 that spoke before the Court a little while ago.

1 THE COURT: Oh, yes.

2 MR. WILEY: I said Ms. Dyer.

3 THE COURT: Okay.

4 MR. WILEY: In truth, she did sum that up,
5 and I'm not going to take any issue with anything
6 that she said.

7 THE COURT: Okay.

8 MR. WILEY: Because of the amount of time
9 that's already been spent, because of the COVID,
10 because of -- which is like dog years. It's
11 different than what it was ten years ago, what it is
12 right now, spending time in the seven different
13 institutions, being moved nine times, it is
14 egregious. I'm -- I'm the same way about -- about
15 what happened and the amount of money. I do believe
16 what we said earlier, that he didn't grow up to be
17 this way. This wasn't supposed to be, but that's
18 what happens when you dance with the devil, it just
19 is.

20 THE COURT: Yeah.

21 MR. WILEY: But to add more time than is
22 necessary, the max, I know that they negotiated a
23 good deal before I ever came on the scene, because,
24 again, I'm the third lawyer in this case --

25 THE COURT: Yeah.

1 MR. WILEY: -- that it does not add
2 anything that last year. It doesn't add any more to
3 the remorse that he has, any more to the
4 rehabilitation that he has, any more to the
5 punishment than just it's another year. I think
6 that -- that he's trying to get help. That's the
7 reason why we were asking the Court for Lompoc and
8 for the RDP so that he can continue. Because it's
9 always interesting when people are here now and when
10 they are in a sober mind, they can talk about what
11 they want to do and what their plans are. But if
12 they don't get support doing the rest of their time
13 after their sentence and after they get out of
14 custody -- which I know he will be on supervised
15 release. But what the Court says here today is
16 important as to how he's treated going -- going
17 forward and the ability to rehabilitate. I don't
18 think that he's ever going to have the ability to
19 pay back that money.

20 THE COURT: Right.

21 MR. WILEY: It's flying too close to the
22 sun. I mean, your wings are gone. You are not
23 going to rise again in all likelihood, but you can
24 rise to be a normal, respectable human being that,
25 when their lips are moving, they are not lying.

1 THE COURT: Okay. Thank you, Mr. Wiley.
2 Anything else, Mr. Faulkner?

3 THE DEFENDANT: I think I said it earlier,
4 Your Honor.

5 THE COURT: Okay. Go ahead.

6 THE DEFENDANT: I said it earlier. Thank
7 you.

8 THE COURT: All right. You know, I agree
9 with Mr. Busch. It's difficult to find the words to
10 describe this case, the fraud involved. It was just
11 so widespread. I think it was searing, if you will.
12 It was diabolical, if you will. I mean, I don't
13 think I have the adjective either.

14 But, you know, just talking about some of
15 the victims, you know, a married couple invested
16 \$258,000 with the intent to provide for their
17 daughter and grandson upon their passing. They
18 received no compensation from any source. And so
19 they had less financial stability, severely
20 restricted spending, elimination of vacations and
21 fretful days and reduced level of medical care and
22 an inability to assist their grandson's college
23 education.

24 Again, I said, "There's a special place in
25 hell," by Mr. PM who said that, "for people like

1 Faulkner."

2 There is a guy, Mr. EF, of Fikis
3 Properties, reported your business is -- his
4 business is mostly lost now due to this horrible
5 fraud and has resulted in him working two jobs to
6 survive. And he had a heart attack since learning
7 of the fraud as a result of high blood pressure,
8 stress and serious depression. And he noted, "I
9 have lost all my happiness and zest for life."

10 Kussmaul Brothers revealed this offense
11 had caused a hardship to their farm. As a result,
12 they are living year to year. They will not be able
13 to maintain the farm.

14 PM of PDM Holdings reported her husband
15 was a disabled veteran and would not be -- had not
16 been able to hold a job for many years. PM expected
17 to work and support her family, however an illness
18 forced her to file for Social Security Disability.
19 And PM was dependent upon the income from the
20 investments to supplement her Social Security
21 benefits. Well, she didn't get anything.

22 DR and SR reported they invested a large
23 part of their retirement. As farmers, they only
24 have land as retirement. Due to this offense,
25 there's no way for them to make up the money they

1 have lost. Eventually they will run out of money
2 before the end years of their life.

3 And you know, it just goes on and on.
4 There's so many stories, personal stories. And --
5 and, you know, when I think about it, it's just not
6 the end result.

7 It's like Mr. Busch was saying, you had
8 these people in your office. You told them stories
9 that weren't true. And you took their money and you
10 didn't invest it, I mean, or you overinflated the
11 costs of things, and, you know, committed this
12 sophisticated fraud on everyone.

13 How did you -- I mean, I just am
14 astonished, because every once in a while -- I had a
15 50-million-dollar fraud a few years ago, but this
16 far exceeds that. I was upset because the
17 Government only offered him a five-year cap, but
18 it's over.

19 Now I think the Government has come with a
20 more reasonable plea bargain. And I will tell
21 everybody in the courtroom that, you know, I suppose
22 that this is a good thing to do. I would really
23 like to see him get more, but we are limited by the
24 counts that the Government indicted him for. And I
25 think it's probably fair, because we don't have to

1 go to trial, we don't have to get all these people
2 here, and it's probably a good resolution.

3 But at the same time -- you know,
4 Mr. Faulkner, I just don't think you're sorry.
5 You're acting sorry, your mother is here, but I
6 don't think you're sorry. I really don't.

7 How did you -- you know, you told these
8 people this stuff about your background and your
9 investment, and then you went on and -- and you
10 didn't -- and you took all the money and you -- and
11 you traveled and you did crazy things. And you say
12 that's drugs, but, come on. Come on. Drugs? I
13 mean, maybe you were on drugs, but that wasn't what
14 did this. You are, I think, dishonest at heart, a
15 dishonest person. And I hope that you can get the
16 grace of God like Mrs. Dyer said and change that.
17 But I think you are, in and of itself, an evil
18 person, and I'd like to see that change, but I think
19 you are. And how else could you do this to all
20 these people? I mean how else could you do it?

21 So, I mean, in my view, the proper
22 sentence is 60 months to run on each count
23 consecutively with each other, 1, 2 and 21. And I
24 say that for all the 3553 factors: Role in the
25 offense; amount of loss; the enormous amount of poor

1 victims in this case, and all the other 3553 factors
2 I'm not thinking about, but I'm -- I am thinking
3 about but I'm not saying, you know, respect for law
4 and -- and a deterrent effect for others. And I
5 think this is a deterrent effect. I would like more
6 time, but it's a deterrent effect with 180 months.

7 So on counts -- and I would give you this
8 amount, 180 months, whether all those enhancements
9 were true or not, whether or not you obstructed
10 justice, whether or not you got acceptance of
11 responsibility, I would give you the same thing no
12 matter if any of the enhancements or any of the
13 points that you got were there or not. So I want to
14 make sure I'm clear on that.

15 So a three-year term of supervised release
16 on Count 1, 2 and 21 to run concurrently with each
17 other.

18 I'm not going to give you a fine.

19 Restitution of 92,000 -- \$92,427,296.37.

20 There's a 100-dollar mandatory special
21 assessment on each of the counts.

22 USPO: Your Honor, I'm sorry.

23 The restitution I have is 92,446,376 --

24 THE COURT: Okay. I'm looking at the
25 presentence report. Ninety-two thousand how much?

1 USPO: \$92,446,376.46.

2 THE COURT: Okay. That is what it is
3 then. \$92,446,376.46, right?

4 USPO: Correct, Your Honor.

5 THE COURT: Okay. So it is the judgment
6 of the Court that the defendant, Christopher Aundre
7 Faulkner, is committed to the custody of the Federal
8 Bureau of Prisons for a period of 60 months on each
9 count of 1, 2 and 21 to run consecutively to one
10 another to an aggregated of 180 months.

11 Pursuant to the Preliminary Order of
12 Forfeiture, the defendant shall forfeit two large
13 custom oilfield paintings by Alec Monopoly -- this
14 is just the kind of example of the kinds of things
15 he purchased.

16 2013 Mercedes Benz AMG S63, VIN Number
17 WDDUG7JB2EA04976.

18 This is just unbelievable.

19 Third, a -- 2006 Bentley Continental, VIN
20 Number SCBBR53W96C037358; another extravagance.

21 Fourth, a 2012 Aston Martin Virage, VIN
22 Number SCFFDECNXC GG14069.

23 And a 2014 Land Rover HSE, VIN Number
24 SALGS2WF6EA162015.

25 Pursuant to the Mandatory Victim's

1 Restitution Act in the amount of -- give it to me
2 again.

3 USPO: \$92,446,376.46.

4 THE COURT: -- is payable to the U.S.
5 District Clerk, 1100 Commerce, Room 1452, Dallas,
6 Texas 75242.

7 Restitution shall be payable immediately,
8 and any unpaid balance shall be payable during
9 incarceration.

10 Restitution shall be dispersed to -- I'm
11 not going to mention each victim -- but they are
12 attached to the presentence report, correct?

13 USPO: I don't believe they were attached
14 to the presentence report. I believe it was just
15 the recommendation, Your Honor.

16 THE COURT: Oh, okay. Well, I think --
17 well --

18 MR. WILEY: I think the addendum, Your
19 Honor.

20 THE COURT: The addendum.

21 MR. WILEY: Which was prepared by Seth,
22 yeah.

23 THE COURT: Okay. Addendum, yes. The
24 victim list, I'm not going to read it all, but
25 you-all have the victim list. It's on the -- in

1 fact, I'm going to make it part of the record.

2 Okay? Will admit this as Court's Exhibit Number 1.

3 Okay. If upon commencement of the term of
4 supervised release any part of the restitution
5 remains unpaid, the defendant shall make payments on
6 such unpaid balance in monthly installments of not
7 less than 10 percent of the defendant's gross
8 monthly income or at a rate of not less than \$50 per
9 month, whichever is greater.

10 Payment shall begin no later than 60 days
11 after the defendant's release from confinement and
12 shall continue each month thereafter until the
13 balance is paid in full.

14 In addition, at least 50 percent of the
15 receipts received from gifts, tax returns,
16 inheritances, bonuses, lawsuit awards and any other
17 receipt of money shall be paid toward the unpaid
18 balance within 15 days of receipt.

19 This payment plan shall not affect the
20 ability of the U.S. to immediately collect payment
21 in full through garnishment, the Treasury Offset
22 Program, the Inmate Financial Responsibility
23 Program, the Federal Debt Collections Procedures Act
24 of 1990 or any other means available under federal
25 or state law. Interest is waived under

1 18 U.S.C. Section 3612(f)(3). No fine, but it's a
2 300-dollar mandatory special assessment.

3 And I adopt the terms of supervision set
4 forth in Miscellaneous Order Number 64, outlined in
5 part G of the presentence report except as modified
6 by any facts set forth in any addendum and any facts
7 found by the Court during sentencing.

8 The defendant shall comply with these
9 conditions during sentencing.

10 And I want to make sure that we have been
11 through those. I want to recommend RDAP. And what
12 was the other thing you wanted?

13 MR. WILEY: RDAP in Lompoc, California.

14 THE COURT: Okay. Lompoc, California.

15 MR. WILEY: Yes. I actually played a
16 football game there once. Dent on my head right
17 there.

18 THE COURT: Okay. I won't ask you about
19 that, Mr. Wiley.

20 We will try for Lompoc, California.

21 The terms of supervision are as follows:

22 You can't commit any new crime, federal
23 state or local.

24 You must not unlawfully possess a
25 controlled substance.

1 You must refrain from the use of a
2 controlled substance.

3 You must submit to one drug test within 15
4 days of release from imprisonment and at least two
5 periodic drug tests thereafter.

6 These are conditions of supervision when
7 you are released.

8 You must cooperate in the collection of
9 DNA.

10 You must make restitution in accordance
11 with 18 United States Code Section 2248, 2259, 2264,
12 2327, 3663, 3663(a) and 3664.

13 You must pay the assessment imposed in
14 18 United States Code Section 3013.

15 And you must pay any remaining balance of
16 restitution as set out in the judgment.

17 You shall refrain from incurring any new
18 credit charges or opening additional lines of credit
19 without approval of probation.

20 You shall provide probation complete
21 access to all business and personal information.

22 You shall not enter into any
23 self-employment while under supervision without
24 prior approval of probation.

25 You shall not be employed by, affiliated

1 with, own or control or otherwise participate,
2 directly or indirectly, in the business of oil and
3 gas or other businesses or solicit money from
4 investors without probation officer's approval.

5 You shall participate in a program
6 approved by probation for treatment of narcotic drug
7 or alcohol dependency that will include: Testing
8 for the detection of substance use or abuse;
9 abstaining from the use of alcohol during and after
10 completion of treatment; and contributing to the
11 costs of services rendered at a rate of \$25 per
12 month.

13 Okay. Mr. Faulkner, you can appeal this
14 sentence. Mr. Wiley can do that for you. I will
15 probably do my judgment tomorrow or the next day.
16 And once I get my judgment out, you have two weeks
17 to file a notice of appeal.

18 So Mr. Wiley, you've got that --

19 MR. WILEY: Yes.

20 THE COURT: Will you talk to him about
21 appealing and make sure that notice is timely filed?

22 MR. WILEY: I will. There was one thing I
23 wanted to ask the Court -- and thank you for the
24 other portions. It is with respect to the
25 restitution, that some of that, I believe, is linked

1 to the other case, i.e., that they are getting
2 restitution in that case as well. And if this
3 judgment could mention the other case --

4 THE COURT: I'm not going to do that.

5 MR. WILEY: Okay.

6 THE COURT: I mean, it's too complicated
7 to do that right here, right now.

8 MR. WILEY: Yeah.

9 THE COURT: So I will let you work that
10 out or them work it out, but I'm not going to do
11 that. Okay?

12 MR. WILEY: Yes, ma'am.

13 THE COURT: Anything else from the
14 Government?

15 MR. BUSCH: Yes, Your Honor.

16 At this time the Government would ask the
17 Court to dismiss the remaining counts of the
18 indictment, Counts 3 through 20.

19 THE COURT: Three through 20.

20 MR. BUSCH: Yes, ma'am.

21 THE COURT: It will be so ordered.

22 Thank you-all for being here. I
23 appreciate the victims being here very much. You
24 know, it's been a long, hard road, but I think we
25 are finally there. I just apologize about the

1 money. I apologize about the money.

2 All right. We will be in recess. Thank
3 you.

4 (court in recess at 11:32 a.m.)

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C E R T I F I C A T E

I, Shawnie Archuleta, CCR/CRR, certify
that the foregoing is a transcript from the record
of the proceedings in the foregoing entitled matter.

I further certify that the transcript fees
format comply with those prescribed by the Court and
the Judicial Conference of the United States.

This 12th day of January 2022.

s/Shawnie Archuleta
Shawnie Archuleta CCR No. 7533
Official Court Reporter
The Northern District of Texas
Dallas Division

My CSR license expires: December 31, 2022

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